

Workers Compensation Insurance Unveiled

Article provided by Professional Liability Agents Network (PLAN)

Virtually all companies with employees purchase workers compensation (WC) insurance. Yet few understand the ins and outs of WC coverage and how they can manage their premium costs. Recognizing that the specific rules and regulations can vary substantially from state to state, let's take a cursory look at what you can do to ensure you receive the right coverage for your employees at the lowest cost.

How it Works

The first thing you need to understand about workers comp insurance is how your premiums are calculated. Primary factors that will be used in this calculation are the size of your payroll, the classification of your company (what it does), and the specific duties of each of your covered employees.

Your payroll represents your exposure in the eyes of your workers comp insurer. The more hours your employees work, the greater the chance they will be injured on the job and the higher your WC premium will be.

Your company classification signifies the riskiness of the type of work you perform. As a service firm, your risk of workplace injury is likely substantially lower than that of companies performing more demanding physical work. Therefore it's particularly important for design firms to have the right classification applied to their premium calculation. For example, if a structural engineering firm is misclassified as a heavy construction firm by its workers comp insurer, its premium will be significantly higher than it should be.

Also, the insurance company needs to know the duties of each of your covered employees. An administrative assistant at an architectural firm will be considered a lower



risk than a project representative who spends substantial time on job sites. An insurance agent or broker who knows your industry can greatly assist you in making sure your company and its employees are optimally classified.

Fashioning Your Mod

Another important factor in determining your workers comp insurance premium is your experience modification rating, or "mod" for short. The mod is a number that reflects a company's risk relative to other companies in the same line of business and within the same geographic territory.

For example, let's take an architect in the state of Indiana. The insurance industry, based on rolling data over the previous three-year period ending one year prior, calculates an expected level of workers comp claims for an architect

in Indiana and assigns it a mod rating of 1.0. If an architect has fewer claims than expected, then its mod will be less than 1.0 -- for example, a mod rating of 0.8. If the architectural firm has a greater than average level of claims in its history, it may end up with a mod rating of, say, 1.2.

Why is this important? Because this mod will be used as a multiplier to determine how much you pay for your workers comp insurance. Let's say that based on your payroll level, the job classification of your firm and the actual duties of each of your employees, your architectural firm with a 1.0 mod pays an annual premium of \$20,000. If your firm had a 20% better than average mod rating (0.8) you would pay only \$16,000 in annual premiums for the same coverage. If you had a 20% worse than average mod (1.2), you would pay \$24,000 for equal coverage. In our example, that's a potential \$8,000 annual difference based solely on a slight shift in mod ratings.

This is a somewhat simplistic example and other factors go into determining your final premiums, based on the laws in your state. For example, in some states, the mod is not applied to smaller companies with premiums below a given level. Also, in states that use experience rating adjustments (ERAs), only 30% of a medical-only claim will be reflected in your mod.

How do you improve your mod rating? By minimizing the number of workers compensation claims in your firm.

Lowering Your WC Claims

Here are some tried-and-true methods recommended by workers comp authorities to lower your mod and, in turn, reduce the size of your workers compensation insurance premium. Your insurance carrier and agent/broker will likely offer a number of tools to help you apply these suggestions.

Establish an employee safety committee. Putting a group of employees in charge of workplace safety and gaining their buy-in to the concept of accident prevention is crucial to getting improvements in your claims records and mod rate. Top management must show its full support for the committee and provide the resources it needs to identify hazards and carry out safety-improvement suggestions. A formal safety manual should be compiled and formally presented to all employees in a companywide meeting.

Put together an accident response manual. As part of your safety manual, include step-by-step instructions for caring for injured employees and contacting emergency

agencies. Compile a list of preferred medical providers, including board certified specialists for occupational medicine and therapy. Include an injury reporting procedure and require employees to complete an accident investigation report for each injury. Any injury that requires more treatment than minor first aid must be reported to your workers compensation insurer, typically within five days.



Get first aid training. The Red Cross and similar agencies can provide employees basic first aid training and ensure you have an adequate first aid kit to handle minor injuries. Bonus: in some states, you don't have to report minor injuries to the workers comp insurer (and take a ding to your mod) if they are adequately handled with first aid delivered by trained employees.

Manage your WC claims. Work with your claims adjuster and insurance agent to ensure the workers comp claim and its reserves are properly managed. Keep the injured worker fully informed of the status of the claim as well, and let him or her know that a full recovery is your top priority.

Develop an early-return-to-work program. As the employee recovers, work with the physician and employee to create a transitional work plan with the goal of returning the employee to full unrestricted employment as soon as possible. Identify any medical restrictions and modify the employee's duties as necessary to accommodate these disabilities.

Look out for fraud. Unfortunately, workers compensation fraud is part of the employment landscape. Some employees fake injuries or extend their time off of work far beyond what is reasonable and necessary. Signs of possible fraud include an accident with no witnesses, the late-reporting

of an injury, or the employee's refusal to cooperate with an accident investigation. Never accuse an employee of faking an injury. If you suspect fraud, alert the workers compensation insurer and let them handle any investigation.

Two Common Questions About Workers Comp

In closing, here are two more workers comp issues we are often asked about.

1. Should I, as a principal or company officer, be included under my company's workers compensation policy? Most, but not all states allow company principals, such as sole proprietors, partners and members of limited liability companies, to be excluded from their company's workers comp coverage. In some states, the same holds true for company officers. Check your state laws. If you can be excluded, then you'll want to check to see what other coverage you have -- e.g., health, disability and accident insurance -- to take care of your exposures. If you have adequate health and accident coverage elsewhere, you may want to opt out of WC coverage. (This may require completing a form for your workers comp insurer.) If you have gaps in your personal health/accident coverage, and, in your state, can elect to be covered under your company's workers comp policy, you may want to do so. In fact, some states offer incentives for corporate officers to be included on the policy, such as capping the officer's applicable salary, making coverage more affordable.
2. What happens if am I audited by my workers compensation carrier? Don't freak out if you get notice from your workers comp insurer that your company is being audited. This is not the IRS. A workers comp audit is a standard procedure used to make sure your business is properly classified and paying appropriate premiums. Often, questions come up regarding new hires (who are automatically covered when they join the firm mid-way through the policy term) or employees who have left the firm. An audit will pick up the payroll changes and adjust your premium accordingly. Be cooperative and answer all audit questions as best you can. Collect and organize the records the auditor asks for. Contact your insurance agent or broker for assistance, especially if a new office in a new state is being considered as you expand operations. ■

Risk Management Seminar Series



Sexual Harassment Prevention Training

Wednesday, June 6, 2018

7:30am Registration

8:00am - 10:00am Program

Managing Difficult Employees

Wednesday, July 7, 2018

6:30am Registration

7:00am - 4:00pm Program

Personality Conflicts in the Workplace

Wednesday, Aug 1, 2018

7:30am Registration

8:00am - 10:00am Program

Reserve Early, Seating is Limited!

To register, click on the 'register now' button in the announcement email, or contact Nicole Laforteza at nlaforteza@cavignac.com or call 619-744-0540.

Health and wellness tips for
your work and life—
presented by Cavnac & Associates



Researchers Link New Danger to E-cigarettes

The use of electronic cigarettes or e-cigarettes has grown exponentially in recent years—especially among young adults in the United States.

The liquid used in e-cigarettes contains nicotine and other harmful chemicals, including heavy metals and carcinogens. The liquid nicotine used in e-cigarettes comes in thousands of different flavors, many of which are appealing—and harmful—to teenagers.

Researchers from the University of California, San Diego found that popular fruity vape flavors appear to contain the highest levels of cancer-causing materials. The [study](#) recommends that parents warn teens of the dangers associated with e-cigarettes to discourage usage.

Despite CDC Recommendation, Many Adults Still Refusing Shingles Vaccine

Shingles is an extremely common—and painful—viral infection, affecting 1 out of every 3 Americans at some point in their life. It's caused by the same virus that causes chickenpox, so anyone who has had chickenpox is at risk of developing shingles. After a person recovers from chickenpox, the virus remains dormant in the body. While scientists are unsure what causes the virus to awaken at a later date, they do know that the only way to reduce the risk of getting shingles is to get vaccinated.

Recommended Shingles Vaccine

The CDC recommends that adults use a new vaccine called Shingrix instead of Zostavax, which had been the recommended vaccine from 2006-2017. Shingrix provides strong protection against shingles and postherpetic neuralgia (PHN), the most common shingles complication. In studies, two doses of Shingrix were found to be more than 90 percent effective at preventing shingles and PHN.

Who Should Get Vaccinated?

The CDC recommends that healthy adults 50 years and older get two doses of Shingrix, two to six months apart. People who have had shingles in the past, have received the Zostavax vaccine or are unsure if they have had chickenpox should also receive the Shingrix vaccine, according to CDC recommendations.

To find doctor's offices or pharmacies near you that offer the vaccine, visit [HealthMap Vaccine Finder](#).

Barley Pilaf

- 1 Tbsp. vegetable oil
- 1 cup onion (chopped)
- ½ cup celery (chopped)
- ½ cup red or green bell pepper (chopped)
- 1 cup mushrooms (sliced)
- 2 cups water or chicken broth
- 1 tsp. low-sodium vegetable bouillon
- 1 cup pearl quick-cooking barley

PREPARATIONS

1. Heat medium-sized pan over medium heat. Add vegetable oil, onion and celery. Cook, stirring often until onion is soft.
2. Add bell pepper, mushrooms and pearl barley. Stir well.
3. Add water and bouillon and stir to dissolve bouillon. Bring to a boil. Lower heat and cover pan.
4. Cook for 50 to 60 minutes or until barley is tender and liquid is absorbed.

Makes: 8 servings

Nutritional Information (per serving)

Total Calories	119
Total Fat	2 g
Protein	2 g
Carbohydrates	24 g
Dietary Fiber	3 g
Saturated Fat	0 g
Sodium	11 mg
Total Sugars	1 g

Source: USDA

May is Food Allergy Action Month

A food allergy occurs when the body has a specific immune response to certain foods. Sometimes, the body's response can be severe or life-threatening. Food allergies are a growing food safety and public health concern, according to the CDC. It is also estimated that between 4 and 6 percent of U.S. children are affected by some type of food allergy.

Among other things, Food Allergy Action Month was created to spread awareness about what food allergies are, how to recognize them and how to help someone who is having an allergic reaction. Common symptoms of an allergic reaction to food include the following:

- A tingling sensation in the mouth
- Swelling of the lips, tongue and throat
- Itching, hives and a rash throughout the body
- Cramping, diarrhea or vomiting
- Wheezing and difficulty breathing
- Dizziness or lightheadedness
- Loss of consciousness

These 8 Foods Cause the Most Food Allergies



1. Peanuts



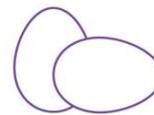
2. Milk



3. Shellfish



4. Soy



5. Eggs



6. Wheat



7. Tree nuts



8. Fish



Cavignac & Community



Cavignac & Associates is proud to support local and non-profit civic organizations, including The Monarch School.



monarch school

education. opportunity. transformation.

Monarch has served San Diego for nearly three decades, beginning as a one-room education center and expanding into a K-12 comprehensive school designed to educate homeless youth.

There are more than 1.2 million homeless students across the country and 23,000 in San Diego County alone. Research shows homelessness contributes to

a wide range of challenges including physical and psychological problems, safety fears and academic struggles. It's estimated that 75% of homeless students do not receive a high school diploma. The barriers these students face, hinder their ability to become contributing, successful members of their families and society and place them at a high risk of becoming tomorrow's homeless adults.



For more information, go to www.monarchschoools.org